GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA

UNSTARRED QUESTION NO:2579
ANSWERED ON:16.12.2008
GROWTH OF SMALL SCALE INDUSTRIES
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

(a) whether the industries particularly the small scale entrepreneurs in the country have been affected adversely due to the increase in the interest rates by the RBI to contain inflation;

(b): if so, whether the growth rate of the country is also affected by it;

(c): if so, the details thereof; and

(d): the steps taken by the Government to provide relief to the small scale industries?

Answer

MINISTER OF MICRO,SMALL & MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

(a) to (c): The Ministry of Micro, Small and Medium Enterprises (MSME) has been receiving representations from various Micro and Small Enterprises (MSE) Associations highlighting,inter alia, problems with regard to high rates of interest on MSE loans.As per the information furnished by the Central Statistical Organisation (CSO),the Gross Domestic Product (GDP) in real terms has registered a growth rate of 7.6 per cent in the second quarter(July- September) of 2008-09 and 78 per cent in the first half(April- September) of 2008-09.

(d): The Government has announced on 7th December 2008 specific measures to support the MSME sector, which inter alia include:

(i) extending guarantee cover under Credit Guarantee Scheme on loans from Rs.50 lakh to Rs.1 crore with guarantee cover of 50 per cent and reducing lock-in period for loans covered under the scheme from 24 to 18 months;

(ii) to issue an advisory to Central Public Sector Enterprises and request to State Public Sector Enterprises to ensure prompt payment of bills of MSMEs;

(iii) cut of 4 per cent in the ad valorem Cenvat rate for the balance part of current financial year on all products (other than petroleum and those where the current rate is less than 4 per cent) and

(iv) interest subvention of 2 per cent in pre and post-shipment export credit for Small and Medium Enterprises (SME) sector upto 31st March 2009. Further, the Reserve Bank of India has announced a refinance facility of Rs. 7,000 crore for Small Industries Development Bank of India (SIDBI) to facilitate the flow of credit to MSMEs.